

Dan Webb Quoted in *WSJ*/Dow Jones Report of Representation on Altria in Tax Refund Matter

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Winston & Strawn chairman Dan Webb was quoted in connection with his representation of Altria in a tax refund jury trial in U.S. District Court in Manhattan in an article titled “Altria, U.S. Government Spar in Court Over \$24M in Tax Refunds,” that was published in a *Wall Street Journal*/Dow Jones report on June 24, 2009.

In 2006, Altria sued the U.S. government seeking the return of more than \$24 million in federal income tax it claims was wrongly and illegally assessed and collected in tax years 1996 and 1997. In recent developments, a federal prosecutor claimed that the Altria Group Inc. has no right to \$24 million in tax refunds it is seeking in relation to its Philip Morris Capital Corp. (PMCC) leveraged-lease financing transactions with several utilities and public entities, including New York’s Metropolitan Transit Authority. Assistant U.S. Attorney Robert Yalen said PMCC entered into the leveraged-lease financing transactions, in which it purchased the tax benefit for properties owned by the MTA, however the transactions failed to transfer an actual ownership interest to PMCC.

Mr. Webb said the taxes were an important factor in the transactions, but that PMCC followed the IRS guidelines for such transactions and was entitled to a tax deduction. He said PMCC received financial profits that “had nothing to do with the tax benefits” as part of the transactions, and that the transactions were designed for the MTA and the utilities and public entities to obtain financing.

“What happened is that after the transactions were already entered into, years later the government applied what we believe are improper standards and they took away our deductions,” Webb said. “So what we did is what we’re supposed to do. Altria paid the taxes the government said it owed — \$24.5 million. We wrote them a check, we paid our taxes, and we filed a lawsuit.”

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